THE INVESTMENT
MAGAZINE

by: PROVEN Investments Limited

SEPTEMBER 2018 EDITION

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

PROVEN INVESTMENTS LIMITED REPORTS UNAUDITED FINANCIAL RESULTS

The Board of Directors of PROVEN Investments Limited ("PIL") is pleased to report its unaudited financial statements for the period ended September 30, 2018.

FINANCIAL HIGHLIGHTS

US$3.89 million	—	Net Profit attributable to shareholders
US$0.0062	—	Earnings Per Share
US$533.25 million	—	Consolidated Total Assets
9.51%	—	Annualized Return on Equity
65.68%	—	Efficiency Ratio
US$0.0020 per share	—	Proposed Dividend

FINANCIAL PERFORMANCE

PROVEN Investments Limited Net Profit attributable to shareholders for the six months amounted to US$3.89 million. This represents a 3.66% increase from the US$3.75 million earned in the same period last year. Net Revenue for the period ended September 30, 2018 experienced a 4.66% increase to US$18.41 million compared to US$17.59 million earned during the period ended September 2017. This was mainly due to an improvement in the other income line item, continued net gains on the carry trade strategy and an improvement in foreign exchange gains. The financial results for the period reflect the net impact of accounting adjustments required under the new IFRS 9 Accounting Standard which took effect January 2018.

Net Profit

Net Profit attributable to shareholders amounted to US$3.89 million or $0.0062 per share versus US$3.75 million or $0.0065 per share reported for the same period last year. Annualized Return on Average Equity of 9.51% was achieved for the six months ended September 2018.

Net Interest Income

Spread income was a major contributor to revenue during the period, accounting for 56% of total revenues. Net interest income recorded a 14.54% improvement compared with the same period last year as net interest income totalled US$10.53 million. This increase reflects success in the carry trade strategy as the Company was able to concurrently increase interest income while reducing interest expense by 20.35%, despite a reduction in total interest-bearing assets over the period. Dividend income also increased by 12.75% to US$0.53 million from US$0.47 million reported for September 2017.

Other Income

Net foreign exchange gains totalled US$1.66 million, more than a two-fold increase compared to US$0.53 million reported for the same period last year. Realized losses from the trading of securities for the period amounted to US$0.13 million compared to a gain of US$2.47 million earned for the same period last year. This decline was due to the continued realignment of the portfolio to reduce the overall market risk exposure and rightsizing of the balance sheet to reflect our outlook for financial markets over the short to medium term. The revaluation of investment properties was the main contributing factor to a 103% increase in the other income line item which amounted to US$2.36million compared to US$1.16 million earned in the period ended September 2017.

Private Equity

Private equity investments that fit our risk to reward objectives are a strong area of focus as we explore vast opportunities throughout the region. Our current private equity holdings continue to boost the bottom-line:

Proven Wealth Limited

Proven Wealth Limited ("PWL") reported net income totalling US$0.99 million for the period while total assets of the company as at September 30, 2018 stood at US$105.52 million. The firm continues its strategy to offer innovative investment products to clients and reduce the issuing of repurchase agreements.

Proven Fund Managers Limited

Proven Fund Managers Limited continues to be one of the top players in the Asset and Pension Fund Management and Administration business. Profitability increased by 46.46% compared to the same period last year, as net profit for the period was US$0.38 million compared to US$0.26 million for the period ended September 2017. The robust increase in profitability continues to reflect underlying growth in assets under management and an expanded product offering following the successful launch of a suite of Unit Trust during 2017.

Access Financial Services Limited

Access Financial Services Limited produced net profits of US$3.14million, representing an increase of 17.78% compared to the same period last year. Net Income attributable to PIL totalled US$1.62 million for the period. Access Financials' loan portfolio was US$25.73 million as at September 2018, representing a 24.05% increase when compared to the balance as at September 2017.

BOSLIL Bank Limited

Proven Investments Limited currently owns 75% of the equity of BOSLIL Bank Limited. BOSLIL experienced another successful period, as net profit totalled US$1.82 million (US$1.36 million attributable to PIL) and Total Assets of the Bank as at September 2018 stood at US$250.39 million.

Real Estate

PROVEN REIT Limited has successfully completed and sold its second residential development on Sullivan Avenue, Kingston 8. The third and fourth developments in the pipeline are scheduled to break ground both on Millsborough Avenue in Kingston 6, Jamaica and are expected to be completed and sold over the next twelve to eighteen months. The company continues to closely monitor the local and international real estate markets for new opportunities. Over the period the company completed a revaluation of its investment properties, which yielded gains of US$1.45 million, this contributed to a net profit of US$1 million realised for the period ended September 30, 2018.

International Financial Planning Limited

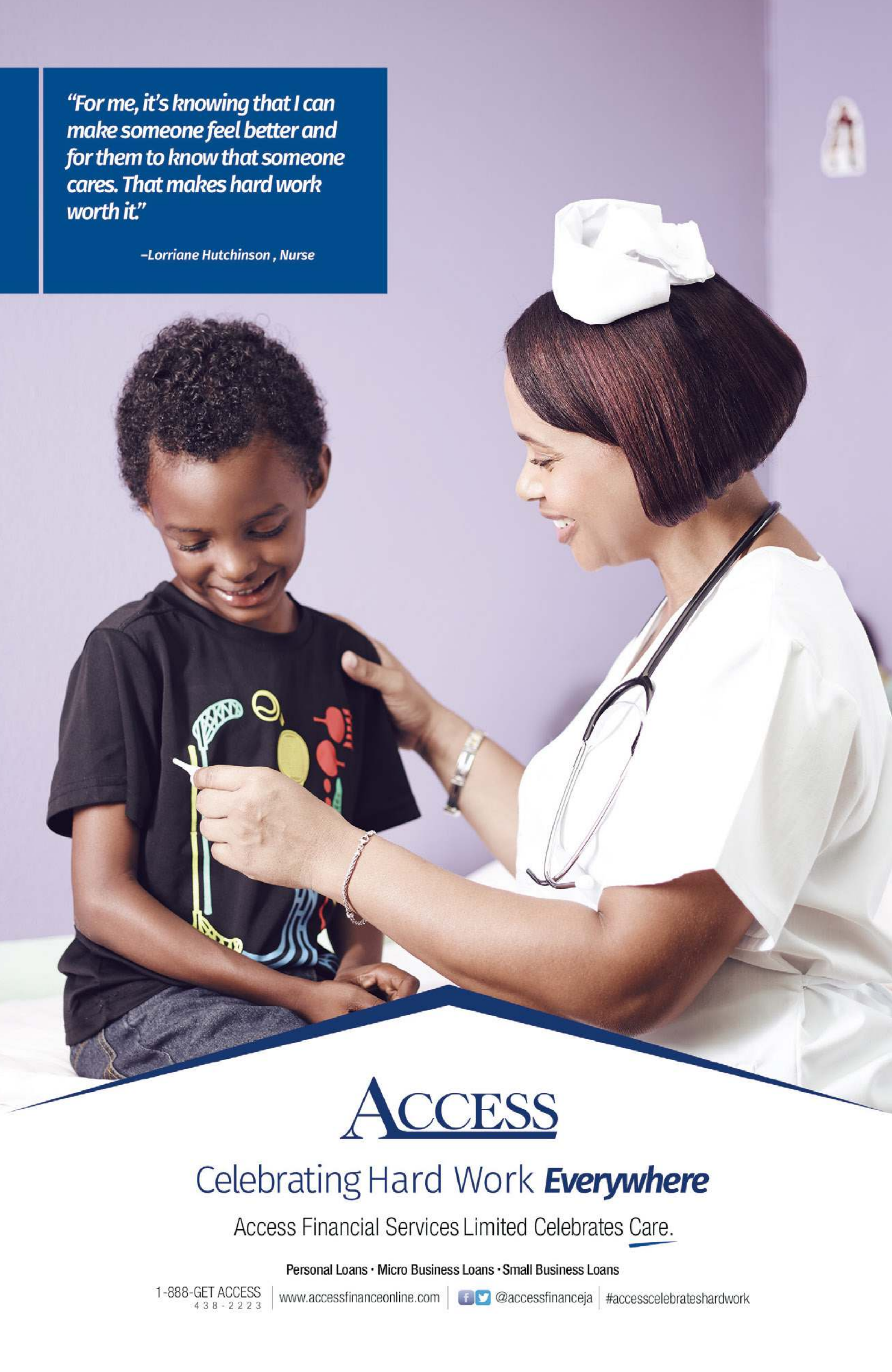
The company is pleased to report that it completed the full acquisition of the IFP Limited in August 2018. IFP is a licensed securities dealer with offices in Cayman, Bermuda and the British Virgin Islands that caters to a variety of investors ranging from median income earners to high net worth individuals.

Operating Expenses

For the period, consolidated operating expenses increased by 9.79% to US$12.09 million compared to US$11.01 million in the six months ended September 2017. The increase is mainly attributed to a 9.09% increase in administrative and general expenses, in addition to credit risk provisioning required under the IFRS 9 Accounting Standard. The Efficiency Ratio increased marginally to 65.68% from 62.61% reported for September 2017. Expense management and consolidation have been a key focus of management as it seeks to reduce the efficiency ratio closer to the established target of 50%.

Balance Sheet

Total assets amounted to US$533.25 million as at September 30, 2018, which represents a decline of 11.79% from US$604.50 million as at September 30, 2017. Total liabilities decreased to US$427.70 million as at September 30, 2018 from US$495.44 million as at September 30, 2017, representing a 13.67% decline. The balance sheet reduction reflects a deliberate effort to deleverage and maximize the efficiency of the portfolio.


"For me, it's knowing that I can make someone feel better and for them to know that someone cares. That makes hard work worth it."
–Lorriane Hutchinson , Nurse
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UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

Shareholders' Equity

Shareholders' Equity attributable to the owners of the company decreased by 8.58% to US$82.37 million as at September 30, 2018 from US$90.10 million as at September 30, 2017. This change was largely due to decrease in the investment revaluation reserve, attributed to the heightened interest rate risk environment.

Dividend Payment

The Board of Directors has approved an interim dividend payment of US$0.0020 per share to all ordinary shareholders on record as at November 23, 2018 to be paid on December 7, 2018. This represents an annualized tax-free dividend yield of 4.47% based on the average share price of US$0.20 for the period ended September 30, 2018.

PROVEN Investments Limited takes this opportunity to thank all our stakeholders for your support and trust. Our continued success is a result of the dedication of our Directors, Management and Staff and we thank them for their loyalty and commitment.

Operating Environment

International

Global growth is projected to reach 3.90% by 2019. According to the IMF, the rate of expansion appears to have peaked in some major economies and growth has become less synchronized. Among emerging market and developing economies, growth prospects are also becoming more uneven, amidst rising oil prices, higher yields in the United States, escalating trade tensions, and market pressures on the currencies of some economies with weaker fundamentals.

Eurozone's growth for the second quarter of 2018 was revised up to 0.40% quarter-on-quarter, compared to the initial estimate of 0.30%. Forward-looking activity indicators continued to point towards expansion, although at a more subdued pace than at the start of 2018. Italian political risk waned, as uncertainty over the country's formation of a new government gave way to concerns over budget deficit negotiations with the European Union (EU). Meanwhile, Brexit negotiations reached an impasse when the UK's latest plan was unanimously rejected by EU leaders, weighing on sentiment. A stronger US dollar and worsening global trade war kept pressure on emerging-market (EM) assets and dimmed the outlook for China's economy (despite a series of policies from the Chinese government aimed at boosting domestic demand).

US equities advanced in the first half erasing the losses sustained over Q417, continuing to significantly outperform other major regions, with positive earnings momentum and supportive economic data ultimately outshining escalating US-China trade posturing. The unemployment rate also reached an 18-year low of 3.80%, wage growth though picking up momentum remained benign.

The Federal Reserve hiked its benchmark interest rate by 50bps over the review period ending September, bringing the total to three since the start of 2018. It has gradually shifted its language to reflect a less accommodative stance and an optimistic anticipation for economic growth over the short to medium term. Along with the rate increase, the FOMC continued to project one more hike before the end of the year and three in 2019. In the latest installment of their quarterly projections, FOMC officials collectively estimated gross domestic product to rise 3.10% in 2018, an upward revision from the 2.80% projection back in June.

The US stock market hit yet another record high in September and corporate bond spreads narrowed in the US and Europe. The 10-year US Treasury yield climbed above 3.00% over the period, meanwhile yields on two-year US Treasury notes rose even more rapidly, causing the yield curve to flatten—historically an indication that economic growth is about to decelerate.

Looking forward, the economic momentum is expected to continue in the short term with clear indication that markets are operating in a late cycle expansion. The outlook for global growth has dimmed over the medium term mainly driven by the heightened geopolitical risk centered on trade tariffs. Heading into the last three months of 2018, financial market conditions are likely to deteriorate amidst uncertainty surrounding rising interest rates, the November midterm elections and continued uncertainty surrounding trade. Declining equity risk premiums amidst rising rates and a moderation in earnings could cause continue volatility as investors evaluate their opportunity set and recalibrate risk premia.

Regional

The IMF estimates growth for the region to increase from 1.30% in 2017 to 2.00% in 2018 and about 2.70% on average by 2020, aided by an improvement in global economic conditions and commodity export prices. Possible increases in commodity export prices might help to improve growth in commodity exporting countries. Prospects for the Caribbean region are improving, with growth in both tourism-dependent economies and commodity exporters projected to be in the 1.00%–2.00% range for 2018 and 2019.

Barbados and Trinidad and Tobago are the only two Caribbean countries to have registered growth below one per cent this year (coming in at 0.50% and 0.80% respectively). Trinidad and Tobago's growth will remain at 0.20% for the next two years, overcoming a -0.6% and -0.26% over the previous two years. The Statistical Institute of Jamaica estimates that Jamaica's real GDP growth accelerated to 2.20% y/y during Q2 2018 compared to growth of 1.40% y/y one quarter prior. Real GDP increased 1.80% y/y during H1 2018. Despite lower interest costs, a surge in capital expenditure widened the Government of Jamaica's fiscal deficit by 113.00% y/y to US$97.4mln during April – August 2018.

The BOJ has continued to respond to demand and supply dynamics via its B-FXITT intervention tool resulting in two way flows with the market registering at least seven clear inflection points since its introduction in mid-2017. Over the September quarter the BOJ actively sold US currency to the market in a bid to contain the depreciation associated with seasonal demand. The BOJ has signaled its intention to continue in this vain up to mid-October. The efforts of the BOJ are reflected in the downward movement observed in its weighted average selling rate at 134.05 as of Sept 30th after trading at a high of 136.67 during the period. The Jamaican stock market continues to lead the world in terms of growth as investors continue to flock to equities in search of attractive yields due to low returns on fixed income securities (as the current interest rate remains historically low at 2.00%). The current inflation rate stands at 3.87%, well within the Bank of Jamaica's 4.00% to 6.00% target band.

Looking ahead, longer-term growth prospects for Latin America and the Caribbean remain subdued, suggesting that income levels in these countries are struggling to catch up to advanced economies. Challenges remain ahead for the Caribbean which could derail the region's recent economic recovery include political uncertainty due to upcoming elections in several countries, geopolitical tensions, and extreme weather events.

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018

	September 2018 US$	September 2017 US$	March-Restated 2018 US$
ASSETS			
Cash and cash equivalents	83,513,481	100,958,320	89,364,052
Available-for-sale investments	335,926,286	403,117,713	392,569,887
Loans Receivable	46,499,606	34,562,646	44,885,255
Other Receivables	11,992,696	28,138,640	10,818,414
Property Development In Progress	1,057,836	1,691,370	971,731
Investment Property	20,416,344	14,401,597	17,347,798
Intangible Assets	32,916,252	20,276,873	20,014,035
Property, plant and equipment	930,856	1,353,327	1,042,299
Total Assets	533,253,357	604,500,486	577,013,471
LIABILITIES			
Client liabilities	82,187,758	108,066,658	93,709,227
Related company	478,783	623,887	98,237
Notes Payable	102,244,177	98,216,418	110,960,294
Preference shares	-	15,875,697	16,415,159
Other liabilities	13,548,151	22,697,822	7,549,488
Due to Customers	229,234,095	249,964,437	240,829,193
Total Liabilities	427,692,964	495,444,919	469,561,598
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	86,716,754	86,716,754
Investment revaluation reserve	(6,828,830)	(2,973,238)	(5,114,623)
Foreign exchange translation	(9,571,178)	(7,840,439)	(6,875,478)
Retained earnings	12,048,576	14,191,945	10,467,828
Total Shareholders' Equity	82,365,322	90,095,022	85,194,481
Minority Interest	23,195,071	18,960,545	22,257,392
Total Shareholders' Equity and Liabilities	533,253,357	604,500,486	577,013,471

Approved for Issue by the Board of Directors and signed on its behalf by

Director

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

UN-AUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Quarter ended September 2018	Quarter ended September 2017	Period ended September 2018	Period ended September 2017	Audited March 2018
	US$	US$	US$	US$	US$
INCOME					
Interest Income	6,965,677	6,891,565	14,172,999	13,765,487	28,489,641
Interest expense	(1,710,319)	(2,207,870)	(3,639,795)	(4,569,645)	(8,098,733)
Net Interest income	5,255,358	4,683,695	10,533,204	9,195,842	20,390,908
Other income					
Gains on securities trading	(173,646)	2,018,566	(132,559)	2,474,127	4,292,323
Dividend Income	251,233	224,186	525,010	465,653	807,689
Pension Management Income	694,440	548,087	1,395,532	1,086,885	2,360,307
Fees & Commissions	1,177,267	1,469,460	2,071,046	2,683,159	5,075,676
Foreign exchange translation gains/(losses)	458,488	332,582	1,656,339	528,630	(443,245)
Other Income	2,242,084	1,063,170	2,364,169	1,159,114	1,558,888
	4,649,866	5,656,051	7,879,537	8,397,568	13,651,638
NET REVENUE	**9,905,224**	**10,339,746**	**18,412,741**	**17,593,410**	**34,042,546**
OPERATING EXPENSES					
Preference dividend	380,121	608,636	646,443	757,067	975,863
Depreciation and Ammortization of Intangibles	441,751	415,263	884,391	856,639	1,659,080
IFRS 9 Provisioning	(101,885)	-	306,339	-	-
Administrative and General Expenses	5,807,286	5,009,202	10,255,618	9,400,727	19,794,089
	6,527,273	**6,033,101**	**12,092,791**	**11,014,433**	**22,429,032**
OPERATING PROFIT	**3,377,951**	**4,306,645**	**6,319,950**	**6,578,977**	**11,613,514**
Extra Ordinary Activities					
Gain on purchase of subsidiary	-	-	-	-	-
Extra ordinary Share based payment	-	-	-	-	48,000
	-	-	-	-	48,000
Profit before income tax	3,377,951	4,306,645	6,319,950	6,578,977	11,661,514
Income tax	(339,458)	(847,679)	(452,039)	(1,134,863)	(2,154,514)
NET PROFIT	**3,038,493**	**3,458,966**	**5,867,911**	**5,444,114**	**9,507,000**
Less income attributable to non-controlling interest	(916,950)	(834,557)	(1,976,311)	(1,689,989)	(3,825,000)
Profit attributable to owners of the company	**2,121,543**	**2,624,409**	**3,891,600**	**3,754,125**	**5,682,000**
EARNINGS PER STOCK UNIT - US cents	0.34	0.46	0.62	0.65	0.94

UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Quarter ended September 2018	Quarter ended September 2017	Period ended September 2018	Period ended September 2017	Audited March 2018
	US$	US$	US$	US$	US$
NET PROFIT	3,038,493	3,458,966	5,867,911	5,444,114	9,507,000
OTHER COMPREHENSIVE INCOME					
Items that are or may be reclassified to profit or loss:					
Unrealised (loss)/Gain on available-for-sale investments	1,137,708	196,565	(1,714,207)	1,324,162	8,892,357
Foreign exchange translation reserve	(1,396,534)	(163,965)	(2,695,700)	(276,168)	(1,755,267)
Total Comprehensive income	**2,779,667**	**3,491,566**	**1,458,004**	**6,492,108**	**16,644,090**

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SEPTEMBER 30, 2018

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US$	US$	US$	US$	US$	US$
Balance at April 1, 2018	86,716,754	22,257,392	(8,193,783)	(6,875,478)	13,448,213	107,353,098
Cumulative transition effect of IFRS 9 Adoption			3,079,160		(2,980,385)	98,775
Balance at April 1, 2018 as restated	86,716,754	22,257,392	(5,114,623)	(6,875,478)	10,467,828	107,451,873
Total Comprehensive (Loss)/Income for the period		1,976,311	(1,714,207)	(2,695,700)	3,891,600	1,458,004
Adjustment to NCI without change in owenership		(286,000)			-	(286,000)
Dividends to equity holders		(752,632)			(2,310,852)	(3,063,484)
Balance at September 30, 2018	86,716,754	23,195,071	(6,828,830)	(9,571,178)	12,048,576	105,560,393

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SEPTEMBER 30, 2017

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US$	US$	US$	US$	US$	US$
Balance at April 1, 2017	69,248,762	17,859,529	(4,297,400)	(7,564,271)	13,693,002	88,939,622
Total Comprehensive Income for the period		1,689,989	1,324,162	(276,168)	3,754,125	6,492,108
Issue of Shares	17,467,992					17,467,992
Dividends to equity holders		(588,973)			(3,255,182)	(3,844,155)
Balance at September 30, 2017	86,716,754	18,960,545	(2,973,238)	(7,840,439)	14,191,945	109,055,567

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

UN-AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30 2018

	Period ended September 2018	Period ended September 2017	Audited March 2018
	US$	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	3,891,600	3,754,125	5,682,000
Foreign Exchange Translation	(2,695,700)	(276,168)	688,793
Depreciation and Amortization	884,391	856,639	1,659,080
Income Tax Charge	452,039	1,134,863	2,154,514
Operating cashflow before movements in working capital	2,532,330	5,469,459	10,184,387
Changes in operating assets and liabilities			
Receivables	(2,132,764)	(18,814,642)	(2,320,157)
Client Liabilities	58,044	14,804,121	(15,100,139)
Payables	(5,099,037)	(31,473,868)	(59,997,144)
Related company	380,548	(325,532)	(851,183)
Net cash provided used in operating activities	(4,260,879)	(30,340,462)	(68,084,236)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans	(2,601,046)	4,858,389	(4,477,525)
Purchase of property ,plant and equipment	(13,761,271)	(369,443)	121,621
Investments	44,257,458	(43,498,249)	(21,496,463)
Cash provided by/(used in) investing activities	27,895,141	(39,009,303)	(25,852,367)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	(8,716,117)	3,781,883	16,525,757
(Redemption)/Issue of Preference Shares	(16,415,159)	(101,256)	438,205
Minority Interest	937,680	1,101,016	3,936,863
Dividend Paid	(2,310,852)	(3,255,182)	(6,381,794)
Cumulative transition effect of IFRS 9 Adoption	(2,980,385)	-	-
Issue of Ordinary Shares	-	17,467,992	17,467,992
Net cash (used in)/provided by financing activities	(29,484,833)	18,994,453	31,987,023
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,850,571)	(50,355,312)	(61,949,580)
Cash and cash equivalents at beginning of period	89,364,052	151,313,632	151,313,632
CASH AND CASH EQUIVALENTS AT END OF PERIOD	83,513,481	100,958,320	89,364,052

NOTES TO FINANCIAL STATEMENTS

September 2018

1. Identification

Proven Investments Limited ("the Company") is incorporated in Saint Lucia under the International Business Companies Act. The Company is domiciled in Saint Lucia, with registered office at 20 Micoud Street, Castries, Saint Lucia.

The primary activities of the Company are the holding of tradable securities for investment purposes and holding other investments.

Subsidiaries	Country of Incorporation	Nature of Business	Percentage ownership	
			2018	2017
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
Proven REIT Limited and its wholly-owned subsidiary:	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Proven Fund Management Limited	Jamaica	Pension funds management	100	100
Access Financial Services Limited	Jamaica	Retail lending	49.72	49.72
BOSLIL Bank Limited	Saint Lucia	Banking	75	82.82
International Financial Planning Limited	Cayman	Fund management, investment advisory services	100	-

2. Statement of compliance and basis of preparation

Interim financial reporting

The condensed consolidated interim financial statements for the six months ended September 30, 2018 have been prepared in accordance with IAS 34, 'Interim financial reporting '. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations. The nature and effects of the changes are as follows:

IFRS 15

- Effective January 1,2018 the Group adopted IFRS 15 'Revenue from contracts with Customers". The standard introduces core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized and any discounts or rebates on the contract price must generally be allocated to the separate elements. The Group has reviewed transactions which may be affected and concluded that there was no material impact on adoption of IFRS 15.

IFRS 9

- Effective January 1,2018 the Group adopted IFRS 9 Financial Instruments. The Company has restated comparative information for March 2018 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for March 2018 is reported under IAS 39 and is not comparable to the information presented for September 2018. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings as of March 31, 2018 and are disclosed in Note 10.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 largely retains the existing requirement in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available for sale.

(i) Classification and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt instruments; FVOCI – equity; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

A debt investment is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest.

On initial recognition of an equity investment that is not held for trading, the group irrevocably elects, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

Certain investments that were previously carried as fair value through other comprehensive income (FVOCI) are now being fair valued through profit and loss (FVTPL), the amount of which totals US$457,045.

(ii) Impairment of financial assets
FRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL model). The new impairment model applies to financial assets measured at amortised cost and debt instruments at FVOCI, but not to investments in equity instruments.

Under IFRS 9, loss allowances are measured on either of the following bases:

i. 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and (ii) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

   Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

   The group has determined that the application of IFRS 9 impairment requirements at September 30, 2018 results in impairment losses of US$306,339 on financial assets.

Basis of measurement:
The financial statements are prepared on the historical cost basis, except for the inclusion at fair value of available–for–sale securities and financial assets at fair value through profit or loss.

Functional and presentation currency:
The financial statements are presented in United States dollars (US$), which is the functional currency of the Company, unless otherwise indicated. The financial statements of the subsidiaries, which has the Jamaica dollar as its functional currency, are translated into US$. All financial information has been rounded to the nearest thousand.

Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting policies

3. Basis of consolidation:

The consolidated financial statements combine the financial position, results of operations and cash flows of the Company and its subsidiaries (note 1), subject to the eliminations described at note 3(b).

3(a). Subsidiaries:

Subsidiaries are all entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable, or exercisable after conversion of convertible instruments, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3(b). Transactions eliminated on consolidation:

Intra-Group balances and any unrealised gains and losses and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment of the Group's interest.

4. Investments:

Available-for-sale financial assets:

The Group's investments in equity securities and certain debt securities are classified as available-for-sale and are carried at fair value except for unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss:
The Group carries some investment securities at fair value through profit or loss if they are held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and that the Group does not intend to sell immediately or in the near term. Loans and receivables are measured at amortized cost using the effective interest method, except when the Group chooses to designate the loans and receivables at fair value through profit or loss.

5. Resale agreements

The company purchases government and corporate securities and agrees to resell them at a specified date at a specified price. On making payment the company takes delivery of the securities from the vendor although title is not transferred unless the company does not resell the securities on the specified date or other conditions are not honoured. Resale agreements result in credit exposure, in that the counterparty to the transaction may be unable to fulfil its contractual obligations.

6. Interest income:

Interest income is recognised in profit or loss for all interest-earning instruments on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset to its' carrying amount. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently. Interest income includes coupons earned on fixed income investments, accretion of discount on treasury bills and other discounted instruments, and amortisation of premium on instruments bought at a premium.

7. Interest expense:

Interest expense is recognised in profit or loss on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its' carrying amount. The effective interest rate is established on initial recognition of the financial liability and not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities and accretion of discount or amortization of premium on instruments issued at other than par.

8. Share capital:

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. In the case of its preference share capital, it is classified as:

i. equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity;
ii. liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary; in such a case dividend thereon are recognised as interest in profit or loss.

The Group's preference shares bear contractual entitlements to dividends that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as a financial liability.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

9. Earnings per Stock Unit

PROVEN Investments Limited's Earning per Stock Unit "EPS" is computed by dividing the profit attributable to stockholders of the parent of US$3,891,600 by the weighted average number of ordinary stock units in issue during the reporting period numbering 625,307,963 shares.

10. Effect of IFRS 9 Adoption

PROVEN INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30th 2018

	MARCH AUDITED	EFFECT OF IFRS 9	MARCH RESTATED
	2018	2018	2018
	US$	US$	US$
ASSETS			
Cash and cash equivalents	89,364,052	-	89,364,052
Available-for-sale investments	393,457,807	(887,920)	392,569,887
Loans receivable	43,898,560	986,695	44,885,255
Other Receivables	10,818,414	-	10,818,414
Investment Property	17,347,798	-	17,347,798
Property Development in Progress	971,731	-	971,731
Intangible assets	20,014,035	-	20,014,035
Property, plant and equipment	1,042,299	-	1,042,299
Total Assets	**576,914,696**	**98,775**	**577,013,471**
LIABILITIES			
Repurchase agreements	93,709,227	-	93,709,227
Related party	98,237	-	98,237
Notes payable	110,960,294	-	110,960,294
Preference shares	16,415,159	-	16,415,159
Other liabilities	7,549,488	-	7,549,488
Due to Customers	240,829,193	-	240,829,193
Total Liabilities	**469,561,598**	**-**	**469,561,598**
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	-	86,716,754
Investment revaluation reserve	(8,193,783)	3,079,160	(5,114,623)
Foreign exchange translation	(6,875,478)	-	(6,875,478)
Retained earnings	13,448,213	(2,980,385)	10,467,828
Total Shareholders' Equity	**85,095,705**	**98,775**	**85,194,481**
Minority Interest	22,257,392	-	22,257,392
Total Shareholders' Equity and Liabilities	**576,914,696**	**98,775**	**577,013,471**

PROVEN
Investments Limited

We would like to take this opportunity to thank all of our stakeholders for your support and trust.

Our continued success is as a result of the dedication of our Directors, Management and Staff and we thank them for their loyalty and commitment.

www.weareproven.com

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